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How boom in rogue ticket websites fleeces Britons

First it was football supporters desperate for cup final tickets, then music fans hoping for concert seats. Now touts are targeting the Beijing Olympics. Jamie Doward reports on the explosion in online ticket scams

Jamie Doward

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Hundreds of online touts operating from anonymous offshore tax havens are offering British sports fans illegal tickets for this year's Olympic Games at thousands of dollars a time. And an Observer investigation has revealed that firms behind the black-market trade have a history of ripping off customers.

In the past two years scores of firms selling concert and sports tickets have gone bust or failed to deliver, leaving fans high and dry. Agencies recently failed to provide tickets for the Carling Cup final at Wembley and concerts by Take That and Led Zeppelin.

Many of these online firms are operating multiple sites and now see the Olympics as a lucrative new way of targeting victims. And with the 29th Games in China just months away, the clamour for tickets is growing.

Some of the sites are being investigated by the British Olympics Association, which is working with authorities in China to clamp down on the rogue trade. One online firm, beijingticketing.com, is offering tickets to the opening ceremony for \$2,150 each - despite the fact that all passes to the event will be issued with the buyers' photographs, making it difficult for them to be transferred.

Posing as a prospective client, The Observer asked how the firm could promise to keep its 'guarantee' that it could deliver tickets. 'We deal directly with the sponsors - 35 per cent of the ticket share goes to them - so once you confirm them online [by handing over your credit card details] they're secured for you,' a salesman said.

Although the Chinese Olympic authorities say it is illegal for third parties to sell on tickets, the company seems extremely professional. Its website, like that of many other ticket resellers, carries the official Olympic logo and is consistently near the top of Google search lists when the words 'Olympics and tickets' are typed in.

But a closer inspection reveals the company is not what it seems. Although it uses a British telephone number for its sales operations and lists its address at Companies House as 202 Blackfriars Road, Southwark, south-east London, beijingticketing.com informs punters on its website that its headquarters are in Phoenix, Arizona, which turn out to be the offices of a corporate lawyer who specialises in company start-ups.

A close examination of its small print reveals that beijingticketing.com's parent company, XL&H, a giant in the online touting business, is actually based in Delaware in the US, a favoured location for firms seeking low taxes and a light touch when it comes to regulatory oversight.

XL&H - which stands for Xclusive Leisure and Hospitality - is well known in the ticketing world, although not always for the reasons it would wish. Online chatrooms are crammed with hostile testimony from sport and music fans who have been left disappointed after the company failed to meet its 'guarantees'. Some fans who paid hundreds of pounds to see Take That in concert in Glasgow late last year ended up being escorted from their seats by security guards after it turned out

the tickets they had bought from a company acquired by Xclusive were stolen.

Others didn't even get fake tickets. 'Tickets were couriered and there was nothing in the envelope,' said one jaded punter who lost out on tickets for the rugby world cup final last year. 'Worst company I've ever dealt with.'

Another angry contributor to ticketout.org, the website that provides online ratings for buyers, says that he paid £1,600 for two tickets to last year's Champions League final only to end up disappointed and £3,000 out of pocket after he had paid for flights and hotels. Similar complaints have been made by fans of U2 and the Spice Girls.

Xclusive is just one of hundreds of operations flourishing in cyberspace that offer tickets for everything from the Vancouver Winter Games to the Champions League final.

Another site that has attracted the attention of the British Olympics Association makes similarly lavish claims. Beijing-2008tickets.com guarantees it can get tickets for all the big events.

But because many of the touts' websites operate overseas - the Seychelles in the case of beijing-2008tickets.com - they are outside British jurisdiction, which make them difficult to monitor and even more difficult to prosecute.

As such, potential customers are being warned to steer clear. In terms of the 2008 Olympic Games, the Chinese authorities are unequivocal: reselling tickets - bought from sponsors or individual applicants - is in breach of the rules set out by the International Olympic Committee (IOC).

The British Olympics Association is equally firm on this issue, pointing out on its website that the Sportsworld Group, based in Oxfordshire, is the only official British ticket agency for the games. The association told The Observer that it was working with the IOC and the Chinese Olympics committee to crack down on rogue traders who, by using the games' famous rings logo, are also breaching copyright laws.

But, given the plethora of online sites now targeting the Olympics, it is proving to be a herculean task. 'Half of the problem is actually identifying who is behind these sites,' said a British source. Indeed, it transpires that even the offshore addresses used by rogue companies are often bogus.

Clients may be reassured to know they can claim their money back from their Visa or Mastercard providers if they don't receive their tickets. But this applies only to credit cards, not debit cards. And the process of recovering the lost money can be lengthy and fraught. Often many online ticket tout sites say they reserve the right to accept only a bank transfer from a client - meaning that punters instantly waive the consumer protection that comes with credit card purchases.

Many of the sites also insist on issuing 'credit notes' instead of cash refunds if they fail to deliver - which makes it more difficult for customers who agree to their terms to get their money back.

The rewards for the online touts negotiating these complex transactions are huge. Tickets for last month's Carling Cup final between Tottenham and Chelsea, for example, were being sold at more than £1,000 each in the days before the match by a company called Mayfair Global Events (MGE) - again, based in Delaware in the US and linked to a site offering Olympics tickets. This is despite the fact that it is illegal to resell tickets for British football matches on unlicensed sites. Several fans who paid MGE for Carling Cup tickets told The Observer they did not receive them.

Given a mounting backlash against the touts, the authorities are starting to take the blackmarket industry, which is estimated to have an annual £1bn turnover in the UK, more seriously. The Premier League has written to 140 websites warning them to stop trading or risk prosecution. And the government has talked about extending legislation to make it illegal not just to resell football tickets in the UK but those for other 'crown jewel' sporting occasions. Its response to a Commons select committee report into ticket touting is due out later this month.

But given the vast profits involved, it is debatable whether anything will deter the biggest touts whose companies have an unnerving habit of going bust, leaving punters and other creditors with little hope of seeing their money again. One notorious tout, Michael Rangos, operated at least three ticketing companies, including the much reviled Get Me Tickets, which was fined several times after actions brought by trading standards officials before being put into compulsory liquidation in 2006.

Last month londonticketmarket.co.uk and its sister company, londonticketshop.co.uk, both based in Cyprus and linked to Rangos, went into liquidation, leaving Led Zeppelin fans who paid thousands of pounds for tickets they never received fuming.

This time last year another company linked to Rangos, Ticket Tout, was placed in administration with debts of £1.5m and thousands of disgruntled customers were left without tickets for Elton John and Beyoncé gigs. Rangos appears to have little remorse for the impact his actions have had. 'I think it's preposterous to try to block the freedom of choice... supply and demand should only ever determine the price of any commodity,' he said shortly before Get Me Tickets collapsed.

Other touts share his belligerent outlook. Another much criticised touting website, onlineticketshop.com, folded last October with debts of £1m. Four-fifths of the business was owned by Terance Shepherd, who reportedly lives in a £1.5m three-storey house in Blackheath, south-east London, and has a small fleet of luxury cars. Shepherd has history when it comes to setting up ticketing companies that implode. His Sports Mondial company collapsed in 2005 with debts of almost £2.5m, but despite this setback he continued to operate a number of ticketing businesses.

Curiously, onlineticketshop.com was sold last year by its administrators for a knockdown price of £70,000, leaving many creditors massively out of pocket. The buyer of onlineticketshop.com, Xclusive Leisure and Hospitality, declined to talk to The Observer

Ultimately the answer to the rogue touts may lie in people power, as fans switch their business to the new wave of official ticket resale sites which offer more credible guarantees. 'You may be able to fool the consumer once or twice,' said Eric Baker of viagogo.com, the UK's only legally recognised reseller of tickets for the likes of Manchester United and Chelsea. 'But you can't do it all the time. If you give people a safe alternative, they'll go there; they're not stupid.'

Ticket trouble

- In March 2007, Ticket Tout went bankrupt, owing almost £2m. A month later it started up as london-ticketmarket.com, but has since gone into liquidation. In 2006, the agency was fined £3,000 over the sale of tickets to a Wembley concert featuring Shania Twain. Cliff Richard called the site a 'rip-off' after it tried to charge £377 for £45 tickets to one of his concerts.
- Music fans who did not receive the tickets they had ordered for the Led Zeppelin concert (above) last year via londonticketmarket.com and londonticketshop.com have been left thousands of pounds out of pocket after the company which owns the sites went into liquidation last month.
- In 2006 the ticket agency Get Me Tickets was banned from business following an investigation by the DTI. Get Me Tickets claimed to sell front-row seats to sold-out concerts in the UK and Ireland such as Glastonbury via www.getmetickets.net.
- In 2002 police launched a probe into a T in the Park internet tickets scam via eBay. According to reports, whoever sold the non-existent tickets may have received £8,000 from music fans.
- Last year Timothy Franklyn, 20, of Denbigh, was arrested after he raised £13,000 by offering fake £1,000 holiday vouchers, sports tickets and Xbox consoles for sale via eBay.

'I was really upset. I'd been waiting months'

Sheneez Amara, a 17-year-old student, did not receive tickets from londonticketshop.co.uk

It was my friend's birthday and I decided to buy her some Alicia Keys tickets so we could both go. They went on sale in early November, but the concert wasn't until last week. I found them on the internet. I just pressed the first one. I thought 'londonticketshop, it sounds all right'. I got a confirmation email saying they'd received the payment of £125.50. They said, 'you'll get them something like six days before the concert', so I forgot about them. But it came to the Monday before and I looked on the website and it said that because it was for the O2 Arena the tickets weren't usually issued until the day before. But they said if you've got any problems email this address, so I did and got an automatic response. The tickets never came and there was no number to ring.

I have used other ticket websites since, but more reliable ones. I wouldn't use a random one. We got

the money back through my mum's credit card but I was really upset. I'd been waiting three months and the day comes and you haven't got your tickets and it's horrible.

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